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Chairman Tiberi – Hearing on Certain Expiring Tax Provisions

Comments from the District of Columbia Association of Realtors®
On the issue of
Extending Tax Incentives for Business and Individual Investment in the District of Columbia

The District of Columbia Association of REALTORS® would like to express their unequivocal support for extending the tax incentives for business and individual investment in the District (26 U.S.C. section 1400-1400 ©). These incentives are incredibly vital to our businesses, jobs, and more personally our members and our clients: the first-time District Homebuyers who have been able to start and many cases change their lives through homeownership. These first-time homebuyers are literally and figuratively changing the District right before our eyes.

In the latest census in 2010, the District gained population (5.2%). This is the first time since the 1950 census that the District of Columbia has gained population; that is a sixty-year or six-decade turnaround. This success can be traced directly to the District homebuyer tax credit. The District's homebuyer tax credit stopped the taxpayer exodus for the first time in decades. Neighborhoods began to make forward progress. These new residents began to invest, not only in their homes, but in their neighborhoods. This investment attracted even more new residents who were willing to move. Now, this positive growth is beginning to undo the fifty years of decline.

Extending these tax incentives is critical to overcoming the District's special circumstance and becoming permanently self-sustaining. Unfortunately, the District's revenue capacity is severely limited. Over half of the DC's real property is exempt from taxation because it is owned by the federal government, foreign governments or tax-exempt organizations. While under federal law, the income of 65% of the DC work force is exempted from DC taxation. Further still, the District alone has no state revenue source, but state obligations. The District continues to be the only city in America that must pay for expensive state functions, including Medicaid.

Therefore, attracting and retaining businesses, jobs, and homeowners are paramount to maintaining the District's progress towards economic self sufficiency. Without the tax extenders the District's achievements and progress could easily be undone in this economy.

On behalf of the more than 2,400 Realtor® members who work hard to help all types of potential District homeowners (such as members of Congress and their staffs) we strongly urge and encourage you to extend the tax incentives for business and individual investments for at least the next two years, for 2012 and 2013.

Thank you for your time and support of the District.

Sincerely,
Edward R. Krauze
Chief Executive Officer
District of Columbia Association of Realtors®